

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - March 10, 2006

United States Attorney Carol C. Lam today announced that James L. Hillman was sentenced by United States District Court Judge Marilyn L. Huff to a custodial sentence of 46 months, followed by a supervised release period of three years. On August 8, 2005, Hillman pled guilty to wire fraud in connection with one of the largest fraud schemes in the history of the Southern District of California. From approximately 1993 through early 2001, Hillman was the President and sole shareholder of Peregrine Funding, Inc., an Oakland-based company that controlled various other investment entities whose sole business purpose was to provide investors' funds to PinnFund U.S.A., Inc., purportedly for use in originating mortgage loans. In connection with the plea, Hillman admitted that in or about November of 2000, he became aware of PinnFund's inability to pay promised returns to investors and that he failed to disclose both PinnFund's default status and the periodic provision of his own funds thereafter to cover the shortfalls. He also admitted that he solicited at least \$20 million during the time that he was fraudulently concealing PinnFund's default status from investors.

Previously, eight other people have pled guilty to offenses connected to the PinnFund operation: Michael J. Fanghella, the former Chief Executive Officer of PinnFund; Keith Grubba, the former President and Chief Operating Officer of PinnFund; John D. Garitta, the former Chief Financial Officer of PinnFund; John C. Bykowski, a former administrative assistant at PinnFund; Tommy A. Larsen, former President of PinnLease, a PinnFund subsidiary; Kim Larsen, former head of CopyFax, Inc., a PinnFund vendor; Kimberly Hulihee, PinnLease office manager; and Michael Trap, PinnLease syndication manager.

DEFENDANT

James L. Hillman

INVESTIGATING AGENCIES

Federal Bureau of Investigation
Internal Revenue Service – Criminal Investigation
Department of Housing and Urban Development, Office of the Inspector General